
State Water Resources Control Board

May 31, 2012

**To: Underground Storage Tank Cleanup Fund (Fund) Claimants and
Interested Parties**

SUBJECT: FISCAL YEAR 2012-2013 UST CLEANUP FUND CLAIM SITE BUDGETS

The attached table provides claim site budgets for fiscal year 2012-2013 (FY 12/13) for all Priority A, B, and C claims. The Fund reasonably expects there will be sufficient gasoline storage fee revenues in the upcoming fiscal year to reimburse claims based on these budgets. The Fund also expects to pay reimbursement requests for reasonable and necessary costs of claims that stay within claim site budgets in a timely manner.

These claim site budgets are used as administrative tools to help the Fund manage both the claim-specific cash flow as well as overall program cash flow. Regardless of the budget amount identified on the attached table, reimbursements will be limited to reasonable and necessary costs. Claimants must continue to comply with regulatory directives, regardless of whether the Fund can reimburse those costs. The Fund recommends that claimants and regulators discuss strategies to continue corrective action work for those sites with limited budgets from the Fund. Implementation of successful cost-saving strategies such as optimization of both remedial processes and long-term monitoring are also strongly encouraged by the Fund to maximize limited Fund resources.

Funding Available for Reimbursements

The site budgets reflect revenue forecasts. The revenues from the petroleum storage fee are expected to be about the same for FY 12/13 as FY 11/12. The majority of the FY 11/12 budget was allocated to pay off "old costs" incurred prior to July 1, 2011. The old costs are expected to have been reimbursed by the end of June 2012. In addition approximately 600 claims should be closed out by the end of FY 11/12, freeing up some resources for active claims. Therefore, most of the FY 12/13 revenues are being allocated for budgeted costs (costs being incurred during the fiscal year and submitted in a timely manner). The amount available for budgeted costs is roughly double the amount available during FY 11/12.

The Fund monitors expenditures against the actual revenues throughout the year. Dependent on available revenue, additional funding may become available during the year for claim site budgets. Justifiable increases in site budgets also can come from funds allocated to other claims that do not need them, such as claims that close during the year and claimants who inform the Fund that their claim budget is not needed for the year. In these cases it is important for the claimant to inform the Fund Manager if the budget identified in the attached table is not needed during FY 12/13 so that it can be made available for other sites for the year.

The Budget Setting Process

- Budget amounts were established based on Priority and current work phase. The Fund posted the work phase of each active claim shown in Fund records, and requested and received updates from claimants. The budget category is based on the work phase as well as the recommendation of the Fund Five-Year Review Communication with regulators also is reflected in the budget category. Specifically, claims for which the Five-Year Review recommends taking actions toward closure are in the Site Closeout budget category and costs directly related to site closure, such as monitoring well abandonment, will be reimbursed.
- Inactive claims (those claims that have not submitted reimbursement requests since January 1, 2009) were budgeted at zero dollars. These claims are being evaluated by the Fund for final audit and claim closure.
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- All the Priority A claims are currently active and have been assigned a budget.
- Priority B claims on the Priority list (approximately 90) will be activated beginning July 1, and have been allocated a budget. However, in order to receive reimbursements, a claim must be active, meaning that the claimant has received an initial Letter of Commitment (LOC) and the claim has neither been suspended nor closed. Claimants with newly activated claims will receive an official Letter of Commitment from the Fund, after which they can begin submitting reimbursement requests. The remaining old costs for newly activated Priority B claims will be separately reimbursed.
- Claims in the School District Account or the Commingled Plume Account are being budgeted separately, and are not included in the attached table.

The Claim Budgets

- Priority class was considered when allocating budget amounts for each work phase. Priority A claims were funded at slightly higher levels than Priority B claims. Priority B claims were funded at slightly higher levels than Priority C claims.

- Both Priority A and B claims beginning remediation (RS/IRA or CAP/REM Startup) were given initial budgets. These budgets may be modified upon receipt of additional information concerning the details of the planned remediation system. Similarly, the budgets may be modified for claims with sites in O&M phase after claimants provide additional details of their treatment system.
- Budgets were identified for Priority C and Priority D claims at the statutory minimum of 14%.
- Individual active Priority C claims were allocated budgets similarly to Priority A and B claims. However, there are insufficient resources to reimburse costs for remediation start-up activities for the Priority C claims in that work phase. FY 12/13 budget change orders requesting additional funding for Priority C claims are less likely to be approved because, as the attached table shows, the statutory 14% minimum has nearly been met with the allocated budgets.
- Priority D claims will continue to be funded at the statutory 14% minimum. Only those claims in the Site Closeout category due to a Five-Year Review recommendation to pursue closure have been allotted a budget. These claims have the same annual budgets as Priority A, B, and C claims in the amount of \$25,000. Priority D claims in other budget categories continue to not have annual budgets identified by the Fund for FY 12/13.

Budget Change Procedures

The Fund has written Budget Change Order Request procedures and a request form which are posted to the Fund's web site. Please use this form to request a change to your claim's budget.

The additional information that will be necessary to support budget change requests for remediation start-up and O&M costs will be posted by the beginning of FY 12/13. Other than remediation change orders, the Fund may not be able to accommodate all requests due to the limited resources.

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Underground Storage Tank Cleanup Fund